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C O N F I D E N T I A L NICOSIA 000449

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DEPT FOR IO/PSC (LIZ PARKER)

E.O. 12958: DECL: 03/23/2016

TAGS: [PREL](#) [PGOV](#) [EFIN](#) [CY](#)

SUBJECT: CYPRUS: INDEPENDENT INQUIRY COMMITTEE FOLLOW-UP

REF: A. SECSTATE 40595

[1](#)B. 05 NICOSIA 1697

Classified By: DCM JANE ZIMMERMAN; REASONS 1.4 b and d.

[1](#)1. (C) Summary: Per reftel request, we raised on March 20 the issue of GoC action in support of the Independent Inquiry Committee (ICC) investigating the UN's Oil-for Food Program (OFF) with Eva Papakyriacou, Head of the Unit for Combating Money Laundering (MOKAS), and key aide to Attorney General Petros Clerides. According to Papakyriacou, on January 16 the GoC formally asked the UN for documentation in support of the ICC's allegations against Cypriot national and former UN employee Benon Sevan, who is currently living in Nicosia. In response, the ICC invited the GoC to view the documents in person in New York. The GoC was not able to arrange a visit, however, before the ICC office closed. The GoC also received a formal reply from the UN placing several conditions on the release of any documents. This week the GoC plans to send a letter accepting those conditions and reiterating its request that the UN share whatever pertinent information it can to enable the AG's office to determine whether a criminal investigation against Sevan is warranted. As a result, as far as the GoC is concerned, the ball is back in the UN court. Papakyriacou also reported that her office was cooperating with U.S. authorities in their investigation of "four or five" companies active in Cyprus, which are suspected of violating the OFF program. End Summary.

[1](#)2. (C) On March 20, Eva Papakyriacou head of the Unit for Combating Money Laundering (MOKAS) told us that in response to our repeated inquiries she had on January 16 signed a letter on behalf of the Attorney General to the UN asking it to provide documentation on the ICC allegations against Cypriot national and former UN employee Benon Sevan. (Note: Sevan is currently living in his aunt's apartment in central Nicosia where he was discovered in October by visiting Staffdel Rickman. At our request, Papakyriacou then placed Sevan on a watch list, requiring the Cypriot immigration authorities to report to Mokas should Sevan leave the country. Attorney General Clerides, however, refused at the time to ask the ICC for the information it had acquired incriminating Sevan -- see Ref B. End note.)

[1](#)3. (C) According to Papakyriacou, her January 16 letter stated that the information would be used by the Attorney General's office to decide whether opening a criminal investigation against Sevan was warranted. Subsequently, Papakyriacou received an e-mail from a "Mrs. Ringler" from the ICC invited her to send someone to view the relevant documents in New York in person. Papakyriacou proposed the first or last week of April only to learn that the visit

would have to be in March as the ICC office was closing. Other priorities, however, did not permit a visit before April and AG Clerides advised her that the Sevan case should not take precedence over her offices' pre-existing commitments. Thus no trip to New York was made.

¶4. (C) Papakyriacou reported that following the e-mail, the Cypriot Ambassador to the UN received a letter formally responding to her January 16 request. The letter stated that the documents could only be shared under certain conditions and that this in no way would prejudice the immunities granted to UN employees. The letter also reportedly noted that the names of all sources would be withheld and asked the GoC to go through the UN should the GoC need to interview any UN employees in the course of its investigations. Papakyriacou reported that she planned to send a formal reply this week on behalf of the AG in which she would reiterate her request for ICC documents on Sevan, noting that the GoC accepted the UN's conditions.

¶5. (C) Papakyriacou also noted that in response to a rogatory letter from the U.S. Department of Justice, MOKAS and the AG's office were cooperating with U.S. law enforcement officials in their investigations of "four of five companies" active in Cyprus that are suspected of violating the OFF program. She did not know, however, whether information leading to this investigation was discovered by the ICC or from other sources.

¶6. (C) Papakyriacou also reported that the Cypriot Ambassador to the U.S. had received an "angry" letter from the HIRC charging that AG Clerides had refused to take any action against Sevan. In his reply the Cypriot Ambassador reportedly denied the allegation citing as evidence the January 16 letter.

¶7. (C) Comment: The AG's office has not initiated a case against Sevan and AG Clerides does not appear to regard this as a priority. In all likelihood, the GoC will continue to drag its feet on this issue. We suspect that if it were not for Papakyriacou's desire to remain in the good graces of the U.S. and the international community, no actions would have been taken to date. As far as the GoC is concerned, the ball is now in the UN's court and the AG's office appears to believe it has done enough for now to cover itself. It is unlikely that the GoC will make much progress on bringing Sevan to justice unless the UN provides incontrovertible proof of his guilt. Cyprus, however, has a strong record of cooperating with the U.S. on legal investigations and would be likely to cooperate with a U.S. investigation of Sevan. Although the Cypriot Constitution (which prohibits the extradition of Cypriot nationals) would preclude his extradition to the U.S., the opening of a formal case against Sevan in the U.S., and a UN decision to strip Sevan of his immunity, could help force Cyprus to finally take action. End comment.
SCHLICHER